

FLYER

**058A-5
December 1, 1994**

TO: Chief, Human Resources Management Service

SUBJ: Expediting Retirement Claim Processing

The Office of Personnel Management (OPM) expects a sharp increase in the receipt of retirement applications and has taken a number of steps to meet the demands of the increased workload as Government reduces in size. We have incorporated the information they provided us into a factsheet. The factsheet contains information that may be helpful in expediting the processing of retirement claims. Included in this flyer are 2 letters that may alleviate any anxiety an employee may have with the transition from employment to retirement, and an attachment listing common errors found in retirement packages.

Any questions you may have regarding this flyer may be directed to Rod Meader at FTS (202) 535-8588.

Office of Human Resources
Management (058A)

Expediting Retirement Claim Processing

OPM expects to see a substantial increase in the number of Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) applications received in OPM due to buyout offers and early retirements. As explained below, they are taking several steps to meet the demands of the increased workload they will see as the Government reduces in size.

OPM INITIATIVES

OPM is working to reduce the time it takes to process retirement applications. They are working overtime to reduce current workloads to the minimum to better position themselves to handle the expected surge in retirement claims. They will continue overtime as the workload demands. For the last several months they have been training additional staff to adjudicate retirement applications. This will increase the number of specialists to handle the incoming work.

Interim Payments: OPM will authorize interim annuity payments to every retiring employee who is clearly entitled to annuity. Interim payments are paid to retiring employees to prevent financial hardship while their claims are being processed. In most cases, the interim payment will be 85% to 95% of the net annuity rate. The interim payment will reflect the cost of applicable health and life insurance, survivor benefits, and Federal tax withholding. After the claim is adjudicated, OPM will authorize an adjustment payment for any accrued annuity due the retiree from the annuity commencing date and begin the regular annuity payments.

Alternative Annuities: OPM has developed procedures to expedite the processing of alternative annuity elections, and has issued Benefits Administration Letter (BAL) 94-103, dated September 2, 1994, which provides the new alternative annuity election form and notices that may be used by employees at the time they retire. You will receive a copy of BAL 94-103 soon.

Voluntary Contributions: OPM has also developed procedures to expedite the payment of voluntary contributions made by some employees under the CSRS. OPM has issued BAL 94-105, dated October 25, 1994, on this subject. If you have not already received BAL 94-105, you will soon.

Mainstreet: OPM is establishing a Retirement Information Forum on OPM's Mainstreet computerized bulletin board. This Forum will be available soon. We strongly encourage you to use it. It is open to everyone with a personal computer and a modem. The number for the Retirement Information Forum is (202) 606-4800. Two of the major topics provided in this Forum are:

Retirement Processing Times: Provides information on the average time it takes OPM to process interim pay and

retirement cases. This will allow you to provide up-to-date information to retiring employees on the current average length of time it takes OPM to process a retirement application.

Also provided is data on how long it takes OPM to process fully developed cases compared to non-fully developed cases. A fully developed case is one that OPM can adjudicate as soon as they receive it, without having to delay processing because they need to contact other agencies for additional retirement information. Please keep your retiring employees advised of current processing times.

Agency Exchange: For use by agency personnel to exchange information and ideas to help improve retirement services to Federal employees.

AGENCY'S RESPONSIBILITIES

Although the above steps will help OPM provide quality service to retiring employees, their processing times may increase as their workload increases. We want to emphasize that your role in providing OPM with complete and accurate retirement packages is crucial to reducing the amount of time it takes OPM to process a claim. We urge you to take whatever actions are needed to ensure that the retirement packages you submit are fully developed, and sent to OPM as soon as possible. Incomplete or inaccurate retirement records may cause financial hardship to retirees, additional work for OPM, and increased congressional inquiries.

Therefore, please ensure that the retirement packages you prepare are fully developed, even if this causes a delay in transmitting the package to OPM. The submission of fully developed retirement claims will greatly speed up OPM processing times and provide better service to your employees. OPM can process fully developed claims 30 to 60 days faster than those requiring additional information.

Counseling Employees: OPM is requesting your assistance in dealing with the understandable anxiety retiring employees may feel while awaiting final action on their claims or other services. A heavy volume of non-emergency and repeat inquiries will hinder OPM providing the services in question. Please encourage retirees not to contact OPM unless they are experiencing financial hardship. OPM realizes that financial hardship may occur if the interim annuity rate is substantially less than expected. If there is financial hardship, OPM will give priority to reviewing the case and taking appropriate action. In some cases, they may be able to increase the interim annuity rate or finish the processing of the claim.

Please reassure employees that their health benefits and life insurance coverages, if any, will remain in effect and their survivor elections will be honored even though OPM has not completed action on their claims.

We urge you to keep employees advised of OPM's annuity processing times by accessing OPM's Retirement Forum on OPM Mainstreet. This information will alleviate any anxiety employees may have on how long it is taking OPM to process their claim and will prevent unnecessary correspondence to OPM.

Please encourage your employees to have their annuities deposited directly in a financial institution. They will receive their first interim payment faster, avoid any mail delays in receiving their annuity, and prevent payments from being lost or stolen. To do so, both the employee and the financial institution should complete an SF 1199A, Direct Deposit Sign-Up Form. This form should be submitted with the retirement package.

Additionally, when counselling CSRS employees, please remember that employees who retire voluntarily and are in a pay status for 4 or more days in the month of retirement will have their annuities begin the first of the following month.

Chapter 40 of the CSRS and FERS Handbook: Your retirement processing staff should be aware of the comprehensive guidance and instructions provided in Chapter 40 of the CSRS and FERS Handbook for Personnel and Payroll Offices (formerly FPM Supplement 830-1). The purpose of this Chapter is to help agencies assist non-disability retiring employees so they can be assured of a timely and smooth transition from employed to retired status. Please note that the CSRS and FERS Handbook is available on OPM's computer bulletin board system, OPM Mainstreet. Part 40A3 outlines the retirement application process (see pages 31 through 38 of the hard copy Handbook).

Agency Checklists: Subchapter 40B of Chapter 40 provides two agency checklists that you and your staff will find useful in preparing complete voluntary retirement application packages. They are Job Aid #1, Agency Checklist--Forms for a CSRS Retirement Case, and Job Aid #2, Agency Checklist--Forms for a FERS Retirement Case (see pages 49 through 60 of the hard copy Handbook). These Job Aids identify the forms and documents that must be submitted with a CSRS or FERS voluntary retirement package. Note: Page 50 contains important information on processing Open Season health benefits changes if the employee will retire with a January 1 annuity commencing date.

In addition, personnel and payroll officials should complete the Agency Checklist of Immediate Retirement Procedures, Schedule D of SF 2801/SF 3107 for each retiring employee. These checklists help ensure that the retirement package is complete before it is submitted to OPM. Again, it is better to submit an accurate and complete retirement package, even if this means a delay in sending it to OPM.

Agency Notification to Employees: Agency personnel offices should provide a retirement coverage letter to each retiring employee that explains his or her benefits, OPM's processing, and how OPM will deduct for Federal taxes and health and life insurance. In addition, your payroll office should notify employees when the retirement package is sent to OPM, especially if there is a delay in submitting the retirement package. This is very important because employees should be advised that OPM cannot assist them until they receive their retirement application and records.

Sample letters are provided in Employee Information Sheets #8 and #9 in Subchapter 40B, Chapter 40, of the Handbook. As shown in Attachments I and II, OPM revised these letters to alert retiring employees to the fact that their claims may be delayed due to OPM's increased workload. We encourage you to use these letters for non-disability retirements. (Of course, the letters will still have to be adjusted to fit the facts of each particular case.) We believe that the use of these, or similar letters, will alleviate anxiety on the part of retiring employees and prevent unnecessary correspondence to OPM. This will allow OPM to devote their resources to the actual processing of retirement claims.

Contacting Records Centers: Retirement Counselor Letter 93-306, Standard Records Centers Procedures for Processing Early Retirements, dated October 18, 1993, also provides helpful information for expediting the processing of early retirements. This letter outlines the standard procedures that Records Centers ask you to follow for requesting verification of civilian service, military discharge papers, military earnings, and waivers of military retired pay. It is available through the Benefits Officers Forum on OPM Mainstreet. If you do not have access to Mainstreet, a copy of this issuance is available by calling the Employee Relations Division on (202) 535-8587.

Please note, however, that some of the Military Retired Pay Centers have changed since RCL 93-306 was published. Waivers for Army military retired pay should be sent to the Commander, Retired Pay Operations, Finance Center, Dept. 90, United States Army FAC, Indianapolis, IN 46249-1549. Requests for waivers of Navy, Marine Corps, and Air Force military retired pay should be sent to DFAS, Cleveland Center, Retired Pay Operations, P.O. Box 99191, Cleveland, Ohio 44199-1126. Requests for waivers of Army military retired pay will also be sent to this address in early 1995. (We do not have the exact date at this time.)

Common/Critical Agency Errors: To help you provide accurate retirement packages, we are attaching a list of the common and critical errors we find in retirement claims (see Attachment III). Please share this list with your personnel and payroll staff.

OPM's TRAINING PROGRAMS

OPM offers training on pre-retirement planning and retirement benefits. These sessions are offered monthly in Washington and through regional training centers. The courses provide information on CSRS and FERS retirement benefits, health and life insurance for retirees, manual computation of annuity estimates, and processing retirement papers. Courses can also be offered to a single agency. Employees who are considering retirement as well as those who provide retirement counseling are encouraged to seek this help. Information on courses can be obtained from the OPM regional training center in your area. Esther Taylor at the Washington Training Center will serve as a resource to assist you in determining the most appropriate training arrangement for your agency in Washington or across the regions. Her telephone number is (703) 312-7310.

CONCLUSION

OPM will authorize interim annuity payments to retirees as quickly as possible to prevent financial hardship. In those few cases where they become aware that such hardship exists, they will promptly review the situation and take appropriate action. To help OPM devote their resources to processing claims as quickly as possible, please ask your employees to refrain from contacting OPM unless they are experiencing real financial hardship. Please provide your employees with OPM's current processing times for interim annuity payments and retirement claims by accessing the Retirement Forum on OPM Mainstreet.

OPM has assured us that we will make every effort to minimize delays in retirement processing. However, OPM cannot begin their part of the process until they receive the employee's retirement package, and cannot finish adjudication of the claim until the file is complete and accurate. Therefore, the timeliness and quality of records submitted by each agency are critical to the amount of time it takes for a retiree to receive his or her regular annuity payments.